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061842Z Sep 05

UNCLAS SECTION 01 OF 02 OTTAWA 002658

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OES/ENV:JGOURLEY

E.O. 12958: N/A

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SUBJECT: DEMARCHE RESPONSE, OTTAWA: STRATEGIC APPROACH TO INTERNATIONAL CHEMICALS MANAGEMENT

REF: SECSTATE 157172

1. Summary: Econ officers met with officials from Environment Canada, International Trade Canada (ITCan), and Foreign Affairs Canada (FAC); at the meeting, all officials made it clear that Canada will be guided in the SAICM process by Environment Canada. The Canadians suggested that a voluntary initiative such as SAICM would benefit from a "split message", where it could be clarified that hazard-focus might be appropriate for industry and private organizations while risk-management is more appropriate for government regulatory efforts. ACTION REQUEST: if there is evidence that REACH is becoming part of the SAICM process, the Canadian officials would like to have specific information. END ACTION REQUEST and Summary.

2. The Canadians seemed surprised by the demarche in general, stating that they had no indication that the SAICM process was proceeding in ways that could adversely affect industry or trade. The ITCan officer separately indicated that he had heard of no concerns from Canadian companies, which incidentally will form part of the SAICM delegation. (Comment: We may receive a different readout of industry opinion from Industry Canada, but they will not be able to respond until next week. End Comment.)

3. In particular, the Canadian officials were surprised by the inclusion of REACH as an element of concern in our talking points. FAC, ITCan and Environment Canada representatives all stated that they had no evidence that REACH was part of SAICM and said that their sense is that the EU is no longer pushing REACH in SAICM. Separately, ITCan provided us with the UK draft compromise text and Canada's Position paper on Reach submitted to the European Parliament and shared with U.S. Department of Commerce earlier this year (we can provide these documents upon request.) The Canadian position on SAICM is that it is now a case more of "what's in it for the developing countries" than a developed-nation push.

4. The Canadian officials, particularly the representative from Environment Canada (John Arseneau, Director General, Risk Assessment), did not seem concerned about specific details outlined in the talking points that indicated that SAICM's reach may be becoming overly broad (for example, they do not share U.S. concern about the potential broadening of the definition of the precautionary principle, but did confirm that they wish to see precaution defined as it was in the Rio declaration of 1992.) DG Arseneau emphasized that SAICM will be voluntary and stated Environment Canada's opinion that there was no time to get the text perfect.

5. The Canadians recommended that the United States fine-tune its message on these concerns, suggesting specifically that SAICM could include multiple approaches. For example, DG Arseneau emphasized that a hazard-based approach might be appropriate for companies or NGOs, while a risk-management approach might be more appropriate for government regulators. Arseneau suggested that separating private and government approaches and focusing on the voluntary nature of SAICM would improve the U.S. message. Also, he suggested that focusing on concerns over 'releases' and 'exposure' (both inherently risk-based) might encourage SAICM delegates to move beyond a limited hazard focus.

6. Per reftel request (paragraph 15), we had specifically demarched the FAC officer who will be attending the APEC Chemical Dialogue Steering Group meeting September 7. Ryan Kuffner, Economic Policy Officer (APEC), explained however that he will basically be the "face" for Environment Canada at this meeting, and consequently DG Arseneau provided specific comments on our talking points. The Canadian stance is that, since SAICM is just "informational", they do not see APEC as an influence.

7. With respect to structure and funding of SAICM, Canada, like the USG, opposes creating a new financial mechanism to fund SAICM and proposes using the existing Global Environmental Fund. Canada suggests two phases of funding: 20-30 million dollars of voluntary contributions, partnerships and bilateral in phase 1 and long-term implementation using the Global Environment Fund in Phase 2.

18. Comment: It was clear from our meeting with Canadian officials that SAICM will continue to be a responsibility of Environment Canada, and unless we can provide more specific evidence of trade implications or renewed interest in REACH, it is unlikely that FAC and ITCan will be much involved. If Industry Canada has any different information, we will provide it as soon as possible. End comment.

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